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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
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JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
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ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

President Bush was quoted as saying in a comprehensive interview with Yediot that an agreement between Israel and the Palestinians will be reached by the end of the year. The President was also quoted as saying that he will not allow a terror state alongside

Israel. Bush also talked about Palestinian statehood, the possibility that Israel may attack Iran, his relations with Ariel Sharon and PM Olmert, and the legacy he will leave behind in the White House. The full text of the interview will appear in Friday's Yediot.

Ha'aretz quoted GOI sources as saying that Israel is seeking to reach an understanding with the U.S. administration that would safeguard Israel's security interests during current negotiations and in a future final-status agreement with the Palestinians. The sources were also quoted as saying that Israel is seeking President Bush's support for its security demands so that such understandings can serve as a basis for the work of the American special security envoy General James Jones, who has been tasked with formulating the security arrangements for an Israeli-Palestinian agreement. At the heart of Israel's demands is that it remain free to act against terror in the West Bank for as long as negotiations last, and that demilitarization arrangements place limitations on the future Palestinian state. Israel wants to maintain effective military superiority in the territories during the talks, and ensure that it has the freedom to act against terror organizations in Gaza. "It is inconceivable that we would be prevented from continuing the extraordinary achievement against terror in the West Bank," a source said. Israel would like the U.S. to agree to a number of limitations on the future Palestinian state's sovereignty. Israel wants Palestine to be completely demilitarized, and for Israel to be able to fly over Palestinian air space. Border crossings would be monitored by Israel in such a way that the symbols of Palestinian sovereignty would not be compromised, but Israel would know who was coming and going. Israel is to propose the deployment of an international force in the West Bank and along the Philadelphi Route in Rafah, and would ask that a permanent IDF presence remain for an extended period in the Jordan Valley. According to Israel's plan, a small Israeli force would be stationed in the Jordan Valley as a "tripwire force" that would act as a deterrent. Israel would also demand Palestinian agreement that in the case of an emergency Israel could deploy in essential areas of the West Bank to thwart a threat of invasion from the East. According to government and security sources, "in most of the issues involving the agreement with the Palestinians, Israel is the one being asked to give tangible things. The only area in which we have real demands from the Palestinians is that of security arrangements. Therefore it is important that the talks have the proper outline so that Israel can insist on its security demands and the Palestinians will not dilute them."

The Jerusalem Post quoted Israeli diplomatic officials as saying that the involvement of a number of Palestinian security officials in the murder of Israelis in terrorist attacks will be raised during President Bush's meeting with PM Olmert next week.

All media reported that defense officials slammed Egypt on Wednesday after it allowed hundreds of stranded Gazan pilgrims returning from Mecca to cross into the Gaza Strip through the Rafah border crossing.

Media quoted PA and Hamas officials as saying that Egypt's decision was made at the behest of Saudi King Abdullah. Media reported that dozens of senior Hamas members were part of the group of pilgrims and were believed to be carrying tens of millions of dollars that they had collected in Saudi Arabia. In addition, some of the Hamas members were believed to have undergone advanced military training in Iran. Senior Israeli officials were quoted as saying that Egypt's decision is against all agreements.

All media quoted Hizbullah Secretary-General Sheikh Hassan Nasrallah as saying last night in an interview with the Lebanese TV station NBN that his group is holding remains of Israeli soldiers and that he is ready to negotiate with Israel over them. Speaking on Israel Radio, Deputy Defense Minister Ephraim Sneh said that Israel is unaware of Nasrallah's claim. Nasrallah was also quoted as saying that Hizbullah is monitoring Israeli military moves along the border, and that it is preparing accordingly, but that he does not expect war to break out soon. Ha'aretz quoted him as saying that Israel is behind the assassinations in Lebanon.

The media reported that on Wednesday the IDF killed seven militants in the Gaza Strip and destroyed a heavy machine-gun post that was used by Palestinian militants to fire at IDF forces. Israel Radio reported that on Wednesday Abu Shaaban, the Popular Resistance Committees' leader in Gaza, escaped an assassination attempt by the

IDF. Israel Radio reported that this morning for the first time Palestinians fired a Katyusha rocket that landed north of Ashkelon -- the longest range launching ever. Ahmed Jibril's Popular Front for the Liberation of Palestine - General Command claimed responsibility for the attack. The radio quoted Palestinian sources as saying that this morning an IDF shell killed five Palestinians in a building east of Khan Yunis, in the southern Gaza Strip. Leading media cited a claim by Fatah's Al-Aqsa Martyrs Brigades that it fired a rocket on Wednesday at the northern West Bank settlement of Shaked.

Israel Radio reported that in a letter to Libya's Ambassador to the UN (the current UN Security Council President) and to UN Secretary-General Ban Ki-moon, Israel's Ambassador to the UN, Danny

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Gillerman, protested against a UN report on the Middle East that failed to mention the two IDF soldiers who were abducted to Lebanon.

Last night Israel TV reported that on Tuesday, at a gathering of right-wing rabbis, Rabbi Shalom Dov Wolpe of Chabad called for PM Ehud Olmert to be hanged.

Makor Rishon-Hatzofe reported that the One Jerusalem organization, which is against government plans to divide the capital, will make a human chain next week surrounding the Old City -- as a response to President Bush's visit.

The Jerusalem Post reported that on Tuesday Israel and the PA renewed meetings of their Joint Economic Committee following a seven-year hiatus.

All media reported that on Wednesday Justice Minister Daniel Friedmann unveiled plans to increase politicians' influence in picking Supreme Court justices.

Ha'aretz reported on the restoration of public order in Nablus by the PA police.

Ha'aretz and The Jerusalem Post reported that on Wednesday the police questioned seven Druze dignitaries over their visit to Syria four months ago.

The Jerusalem Post, citing AP, wrote that Charles Steele, Jr., the President of the Southern Christian Leadership, arrived on Wednesday for a trip to the West Bank to promote Arab-Israeli peace talks based on the teachings of Dr. Martin Luther King, Jr.

Major media reported that on Wednesday, in what marks its largest acquisition in Israel, IBM Corp. announced that it has purchased XIV, a local privately-held data storage technology company. The companies would not put a price on the deal, but reports in the Israeli financial press earlier this week valued it at \$300 million to \$350 million.

Ha'aretz reported that sources at Israel's Export Institute accuse the government of bending before American pressure regarding products that China could use for military purposes, which has hurt exports. (Under U.S. pressure following Israel's controversial 2005 sale of spy drones to China, Israel ruled that companies exporting products that could be used militarily need permission from the Export Control Department of the Defense Ministry.)

Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "Since [the Annapolis] summit, both Jerusalem and Ramallah have been affected by weakening positions, coupled with evasion and procrastination. Bush's mission during his upcoming visit will be to convince his hosts of his determination to see his vision -- which is also their vision -- realized."

Diplomatic correspondent Ben Caspit and others wrote in the popular, pluralist Maariv: "In advance of the visit of the U.S. President next week, Israel is trying to put together an agenda and derive benefits from it, as well as benefits for Prime Minister Ehud Olmert."

Liberal op-ed writer Yael Paz-Melamed commented in Maariv: "Even Olmert doesn't really care if new apartments are or are not built in East Jerusalem, in complete violation of the promises that Israel gave at the Annapolis conference."

Former ambassador to Egypt and Sweden, contributor Zvi Mazel wrote in the conservative, independent Jerusalem Post: "Though Egypt has made peace with Israel, it is first and foremost an Arab country aspiring to regional leadership, and wholeheartedly on the side of the Palestinians in their struggle against Israel."

Liberal columnist Larry Derfner wrote in The Jerusalem Post: "Condoleezza Rice [compared] what Palestinians go through at the West Bank checkpoints to what blacks went through in the Jim Crow South.... Israelis can scream bloody murder at Condoleezza Rice, but they're only trying to shoot the messenger."

Block Quotes:

I. "Bush's Final Effort"

The independent, left-leaning Ha'aretz editorialized (1/3): "Precisely because the [next U.S.] administration will need considerable time to make appointments and formulate its policies, in a manner that is liable to make 2009 a wasted year, Bush must frame one final, concerted effort to close the gaps between the Israeli and Palestinian positions.... The Palestinians, for their part, must choose between a leadership that is willing to compromise and an extremist element that aspires to total religious control -- even if it is delayed for tactical reasons -- over the entire territory between the [Mediterranean] Sea and the Jordan River.... Recognition of this fact does not exempt Israel from its obligation to work toward an agreement, without waiting for the fall of the Hamas government in the Gaza Strip and the unification of the two parts of Palestine under a single, moderate leadership. The present government represents a large, realistic and willing-to-compromise majority of the Israeli public.... [President Bush's] brief stay in Israel is an opportunity to persuade him, and indirectly also those who aspire to succeed him, that in the eyes of the Israelis who live here, the friendships of the President and of American legislators is not measured in terms of tougher stances than those of the government in Jerusalem. At Annapolis, both parties undertook to act continuously in order to get closer to the precious goal by the end of 2008. Since that summit, both Jerusalem and Ramallah have been affected by weakening positions, coupled with evasion and procrastination. Bush's mission during his upcoming visit will be to convince his hosts of his determination to see his vision -- which is also their vision -- realized."

II. "Goal: American Recognition of Israel's Interests"

Diplomatic correspondent Ben Caspit and others wrote in the popular, pluralist Maariv: "In advance of the visit of the U.S. President next week, Israel is trying to put together an agenda and derive benefits from it, as well as benefits for Prime Minister Ehud Olmert. In a meeting on Wednesday with Olmert prior to the visit, an emphasis was put on an attempt to get a presidential declaration from Bush on US recognition of Israel's 'vital interests' in advance of the negotiations on a permanent status arrangement with the Palestinians. Before the Annapolis conference, Olmert's aides, Yoram Turbowicz and Shalom Turgeman, went to Washington with a document containing a map of Israel's vital interests. Now they are trying to redo the list, and the security establishment is reformulating Israel's critical security interests in an attempt to extract from President Bush a declaration on the matter that can be presented as an achievement. Among other things, this refers to such interests as the future Palestinian state being demilitarized of all heavy weapons, allowing Israel to maintain freedom of security action in the course of the negotiations, maintaining Israeli airspace, etc."

III. "Playing Let's Pretend"

Liberal op-ed writer Yael Paz-Melamed commented in Maariv (1/3): "Ostensibly, the Prime Minister ... informed his good friend from long back, Housing Minister Zeev Boim, that from now on, every house that is built in East Jerusalem or in the settlements, has to receive his permission and the permission of the government.... But Boim, it appears, needs to be told these things, after, with great impudence, he approved the expansion of settlements without notifying anyone. That is how weak the central government is here.... Even Olmert doesn't really care if new apartments are or are not built in East Jerusalem, in complete violation of the promises that Israel gave at the Annapolis conference. Moreover, to some degree, he doesn't even want all construction to stop, because otherwise, he will have to deal with [right-wing cabinet ministers] Avigdor Lieberman and Eli Yishai, and he really doesn't feel like getting into a coalition crisis over this.... And so, a handful of a few hundred right wing extremists will continue to dictate a distorted agenda to an entire country that the majority of Israelis, according to every possible poll, do not want."

IV. "The Unholy Return of the Palestinian Pilgrims"

Former ambassador to Egypt and Sweden, contributor Zvi Mazel wrote in the conservative, independent Jerusalem Post (1/3): "After three days of a tense standoff, Egypt's determination not to allow the thousands of pilgrims returning from Mecca into the Gaza Strip without being thoroughly checked by Israel to prevent smuggling of explosives and cash to bolster Hamas rule finally crumbled and a jubilant crowd surged into the strip.... Though Egypt has made peace

with Israel, it is first and foremost an Arab country aspiring to regional leadership, and wholeheartedly on the side of the Palestinians in their struggle against Israel. The idea that Egyptian soldiers would be instructed to stop smuggling at all costs -- which means they would have to report to violence and to live fire -- is ludicrous in that context.... It is now up to Israel to think long and hard about what it wants to do. What we need is a solution, not someone to blame. There is a warning for America, too, in that story: Don't push Egypt too far."

V. "Dr. Rice Strikes a Nerve"

Liberal columnist Larry Derfner wrote in The Jerusalem Post (1/3): "Condoleezza Rice [compared] what Palestinians go through at the West Bank checkpoints to what blacks went through in the Jim Crow South, and Israelis are shocked, offended, outraged, etc.... [There] are some dissimilarities between the West Bank and the old South, and the dissimilarities are all that Israelis, in general, will allow themselves to see. But after coming to this country from America 23 years ago, I have seen Israelis treating Palestinians and Israeli Arabs in ways that made me think immediately of white crackers putting blacks in their place in Louisiana or South Carolina back in the old days.... When Israeli Jews bully Arabs, they don't appear to be acting out of desperation, to be avenging Arab terror or war, to be striking back at their oppressors -- they appear, instead, to be luxuriating in the power of the strong over the weak, of the bosses over the bossed. The kind of Israeli behavior documented most recently by the IDF's own survey may not be the rule around here, but neither is it by any means the exception, and it can only go on because Israeli society, tacitly or overtly, condones it. This is the way in which Israel's treatment of Palestinians -- and, to a much lesser extent, its own Arab citizens -- is reminiscent of the treatment of southern blacks in the days of Jim Crow. It's not the whole story of the Israeli-Arab conflict, but it's a very important part of the story. Israelis can scream bloody murder at Condoleezza Rice, but they're only trying to shoot the messenger."

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